



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 2, 2009

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Amendment To Drinking Water State Revolving Fund Loan Application To Include The Ortega Groundwater Treatment Plant

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Designating the City Administrator as the Individual Authorized to Apply for the Drinking Water State Revolving Fund (DWSRF) Loan on Behalf of the City, Authorizing the City Administrator to Execute the DWSRF Loan Application, and Identifying the Water Fund as the Dedicated Source of Funding for Repayment of the DWSRF Loan.

DISCUSSION:

On January 13, 2009, Council adopted a resolution authorizing submittal of a loan application to fund needed improvements at the Cater Water Treatment Plant (Cater). Recently, staff from the Department of Public Health advised that the loan application could be amended to also include funding for the Ortega Groundwater Treatment Plant (OGWTP). The OGWTP is an existing treatment plant that treats well water from four downtown wells. The plant has been off-line since 1992 and needs substantial rehabilitation before it can be re-started. The OGWTP plays a vital role in our long term water supply, particularly during times of drought and emergency situations.

According to the loan requirements, a resolution of the water system's governing body (i.e., City Council) must be attached to the loan application designating the authorized representative, authorizing that individual to apply for the loan, and dedicating a repayment source. On January 13, 2009, Council approved a resolution; however, it was limited to the Cater project. This Resolution includes both Cater and the OGWTP.

The attached Resolution designates the City Administrator as the authorized individual to apply for the loan on behalf of the City, and identifies the Water Fund as the source of funds for repayment of the loan.

BUDGET/FINANCIAL INFORMATION:

The Ortega Ground Water Treatment Plant is included in the Capital Budget for 2010. The DWSRF loan offers a low interest rate of 2.5% to 3%, with only nominal transaction costs, making it an attractive funding source to avoid using Water Fund reserves. Total project cost for the rehabilitation is anticipated to be approximately \$6 million, and the added debt service would be approximately \$375,000 to \$400,000 annually.

SUSTAINABILITY IMPACT:

Having a diverse water supply allows the City to better meet water demands during periods of water shortages. The Ortega Ground Water Treatment Plant is critical to the ability to use our groundwater supply effectively.

PREPARED BY: Catherine Taylor, Water System Manager/cc

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office